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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4378

March 13, 2003

R E S O L U T I O N

**(RES. W-4378), STIRLING BLUFFS CORPORATION (SBC).
ORDER AUTHORIZING A ONE-TIME SURCHARGE TO
RECOVER AN INCREASE IN WATER TESTING COSTS
PRODUCING AN INCREASE IN ANNUAL REVENUE OF \$1,272
OR 3.48%.**

SUMMARY

By Advice Letter No. 38, filed December 16, 2002, SBC seeks to add a one-time surcharge of \$8.10 over two billing cycles at the rate of \$4.05 per cycle to their Schedule No. 1, Metered Service. The increase requested is to recover water testing costs incurred from October 1, 2001 to September 30, 2002 over and above the amount allowed in the SBC's last general rate case. This resolution authorizes the increase requested. The increase will not result in a rate of return greater than last authorized for SBC.

BACKGROUND

SBC is a wholly owned subsidiary of Del Oro Water Company a Class B utility. SBC provides water service to 157 customers in the community of Stirling City, Butte County. SBC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$1,272 via a one-time surcharge over two billing cycles for water testing costs including water sampling, testing, and treatment costs incurred in the period of October 1, 2001 through September 30, 2002. SBC's last general rate increase was authorized on March 22, 1995 per Resolution No. W-3912.

DISCUSSION

Resolution No. W-4013, dated December 20, 1996, renewed by Resolution No. W-4327, dated March 6, 2002 authorized all Class B, C, and D water utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow SBC to recover WQMA balances for the period of October 1, 2001 through September 30, 2002. The Water Division conducted an earnings test on an actual basis for recorded year 2001. SBC is not earning over its authorized rate of return. The Water Division recommends that SBC be authorized to assess a one-time surcharge of \$8.10 per customer to be collected over two billing cycles or \$4.05 per cycle.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in "The Paradise Post" on December 14, 2001, a newspaper of general circulation. The Water Division received no letters objecting to the increase.

FINDINGS

1. Recovery of these water testing costs, a necessary utility expense, are authorized by Resolution W-4327.
2. Pursuant to investigation by the Water Division, the costs alleged are justified, and accurately represented.
3. SBC is earning a rate of return less than the rate of return last authorized by the Commission.
4. The proposed cost recovery of one-time rate surcharge to be paid over two billing cycles is a just and reasonable rate.

THEREFORE IT IS ORDERED THAT:

1. Stirling Bluffs Corporation is authorized, five days after the effective date herein, to make effective the revised rate Schedule No.1, Metered Service, attached to Advice Letter 38, and to cancel the presently effective rates.
2. Stirling Bluffs Corporation is directed to maintain a balancing account as required by Public Utilities code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on March 13, 2003, the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director